

CONSULTATION

Simplified Version of the Consumer Protection Consultation

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Issued by the Telecommunications Regulatory Authority
21 February 2006

The address for responses to this document is:

The Director of Communications and Consumer Affairs,

Telecommunications Regulatory Authority (TRA)

PO Box 10353, Manama, Kingdom of Bahrain

Alternatively, email responses may be sent to the Authority's
email address at consult@tra.org.bh

The deadline for responses is 5p.m. on 15 March 2006

This is a summary of the full consultation paper, specially
written for non-experts in telecoms. The full consultation
paper (ref: CCA/0106/011) was issued on 25 January 2006.



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TAKING STEPS TO HELP YOU

A consultation on consumer protection issues

Ensuring consumer protection in the Kingdom of Bahrain is one of the main responsibilities of the Telecommunications Regulatory Authority (TRA). If there is something worrying consumers, we may be able to take steps that will help solve the problem for everyone. But before we take any action, we always ask for people's experiences and views on the matter, so we can make the right decision.

There are three issues on which we are asking for your views and experiences now:

- (A) Whether we need to take steps to protect subscribers in case providers of pre-paid telecommunications services go out of business
- (B) Whether we need to take steps to limit or stop unwanted marketing via phone calls, faxes, messages or email
- (C) Whether we need to take steps to help subscribers whose service is cut off because they haven't paid their bill for some reason

This document explains what the issues are and what action the TRA could take. For each issue there are some questions. Your answers would help us decide on the best way forward.

What is the TRA?

We are the regulator for the telecoms sector in Bahrain. Everyone offering a telecoms service here must have a license from the TRA. We make sure they are keeping to the terms of their license. Telecoms providers also have to comply with the Telecommunications Law of the Kingdom of Bahrain. The TRA can take action in a number of ways to look after the interests of you – the consumer – and to encourage fair competition so you are offered new and better services.

What happens next?

When you have looked through this paper, let us have your answers to any – or all – of the questions, together with other comments you may want to make about these issues. We are particularly interested in any first-hand experience you may have had. Please send us your response by 5.00 p.m. on **15 March 2006**.

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Send it to:

Director of Communications and Consumer Affairs
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Or email it to: consult@tra.org.bh.

We usually publish the comments received on our website, unless the sender clearly informs us that these comments are confidential and should not be published. Let us know if you **do not** want us to publish your response – or a particular part of it (please mark this clearly).

When we have looked through all the responses, we will publish a report. This will set out concerns people raised, views on the options and what action we intend to take as a result. Look out for it on our website www.tra.org.bh where you can also find out more about the TRA, our activities, and telecoms industry in Bahrain.

This is a summary of the full consultation paper, specially written for non-experts in telecoms. If you want to read the full paper you will find it on our website or you may contact the TRA for a hard copy.

A. PRE-PAID TELECOMMUNICATIONS SERVICES

Many people like to pay for their telecoms services in advance, usually by buying pre-paid cards of a given value. This way you can control your use for the service and you don't need to have a credit card or bank account as a guarantee to have a telecom service.

What happens now if the service provider goes out of business?

At the moment, customers risk losing the money they have pre-paid on credit but not yet used on calls. There is nothing in the operator's license or the Law to provide for customers getting any compensation or their money back in case the service provider goes out of business other than what they may recover, if any, after liquidation.

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What do other countries do?

It varies, but roughly falls into two categories. In some countries, every service provider is approved by a debt-rating agency. The agency looks carefully at the finances of the provider and gives them a rating. This is a 'health check' and a measure of the company's stability. In other words, it gives pre-paid customers an idea of the risk they are taking.

In other countries, the service provider has to hand over a bond or bank guarantee to the regulator. Alternatively, the service provider deposits money in a special bank account – called an *escrow account* – which the regulator can use if the provider goes bankrupt. With all these the regulator has access to money to pay compensation to customers with unused call credit.

What steps could the TRA take?

We are looking at three possible options. We could:

- Tell service providers to set up an escrow account, a trust or a bond, which the TRA could use to compensate customers with unused call credit if the service provider goes out of business. Bear in mind that this would put an extra financial burden on pre-paid telecoms service providers.
- Issue a regulation which ensures that there are certain safeguards and obligations protecting customers if the service provider goes out of business.
- Require any company applying for a license to have an approved debt rating.
- Do nothing as the value of the cards is comparatively speaking small.

Questions for you

- A1 How confident do you feel about using pre-paid calling card services?
- A2 Do you think we should take steps to protect customers from the risk of pre-paid service providers going out of business?
- A3 Which of the three options do you think is best:
- (a) an escrow account, trust or bond
 - (b) other safeguards and obligations to customers included in the operating license, or
 - (c) debt rating as part of the license application process?
- A4 Is there some other solution we haven't mentioned that you think would be better?

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B. MARKETING BY PHONE, FAX, MESSAGE AND EMAIL

Many companies advertise their products and services using sales phone calls, fax broadcasting, bulk text messaging (bulk SMS) and bulk email. For small and medium-sized companies this is an economical way to reach potential customers if they cannot afford large advertising budgets. So there are benefits for both consumers and the economy.

But many consumers consider them a nuisance, particularly at certain times of the day. Usually they have not asked to receive them – they are unsolicited – and sometimes the products are totally unsuitable for the person contacted.

What happens now?

At the moment there are no restrictions on any of these forms of marketing. Before looking at what steps the TRA could take, we will briefly describe what we mean by each sales method.

Telemarketing

A sales person calls a consumer over the fixed or mobile network and has a one-to-one conversation. This is usually ‘cold calling’ – the consumer hasn’t asked for the call.

Fax broadcasting

An advert is sent to a fax machine. They can be annoying if unwanted, because they prevent other faxes getting through – and use the recipient’s own paper!

Bulk SMS

Usually one standard text message is sent to a large number of mobile phone users. It can come from the phone operator or another advertiser. The messages can clog up inboxes and be a nuisance to delete, and might be sent during inappropriate times of the day.

Bulk email

Large quantities of emails are sent to email addressees, usually unsolicited. This is known as ‘junk email’ or ‘spam’. The sender may have bought a list of email addresses from a business the people on the list have had dealings with. Or they may have bought it from somebody who collects addresses from the internet or from somewhere else it may have been published, such as a membership list. Junk emails can fill up your ‘inbox’ and make it difficult to spot emails you *do* want. Sometimes these emails are used by fraudsters who persuade people receiving them to send bank or credit account details or other personal details.

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What do other countries do?

Again there are lots of different approaches. The main ones are:

- *Setting guidelines.* These can cover what time of day messages can be sent and calls made, how often, what you can do to stop getting them, and so on. The guidelines are usually in the form of a 'code of practice', which senders may be requested to follow (voluntary) or may have to follow (mandatory).
- *'Opt in' or 'opt out'.* Senders can only approach people who have asked to receive messages and calls ('opt in'). Or recipients can ask *not* to receive them ('opt out'). In the UK, people join a register if they don't want to receive telemarketing – telemarketers are not allowed to approach people on this. In the European Union (EU), companies can email their own customers, provided people always have the opportunity to opt out – both at the beginning and each time they are sent an email.
- *Other ways.* These include telecoms operators getting together to control the senders or helping consumers avoid unwanted material.

What steps could the TRA take?

We are looking at several options, but they are not all 'either/or' – we could take more than one step, or different steps for different services. We could:

- Stop your contact details being passed on or sold on for marketing and sales use. This could apply to all four types but would not stop approaches from people who pick your name at random from a phone directory or somewhere else where your details are published.
- For marketing from your own telecoms operator – make operators run an 'opt in' or 'opt out' system and/or restrict the times of the day when unsolicited sales calls and messages can be sent out. This won't affect unsolicited marketing from anyone other than your telecoms operator. Again it could apply to all four types.
- Impose rules for bulk SMS, such as restricting the time of day when messages can be sent, making sure the cost of replying to the SMS is shown clearly, and including an easy way for the consumer to 'opt out' of receiving any more messages.
- Ask internet service providers (ISPs) to install bulk email filters on their email services so customers can stop receiving bulk email. Different filters are available. They can block all email or be more selective. Some email providers already offer this service for a fee, and some for free.

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- Raise awareness among consumers about what they can do for themselves. For example, most internet subscribers own software that can restrict bulk email, and there are also steps you can take to avoid bulk SMS.
- Take no action if this is not a matter of concern.

Questions for you

- B1 Have you received unsolicited marketing via phone, fax, text message or email? Did it cost you anything to receive it?
- B2 In principle, do you think such material is interesting and informative, or annoying and a nuisance – or aren't you bothered either way?
- B3 We would like to get some idea of how big an issue this is in Bahrain. Could you tell us how many marketing messages or calls you receive by (a) telephone (b) fax (c) SMS and (d) email (on average in a day)?
- B4 If you receive bulk emails, what percentage is from local sources and what percentage international?
- B5 Do you think the TRA should take steps to restrict (a) telemarketing (b) fax broadcasting (c) bulk SMS and/or (d) bulk email in Bahrain?
- B6 Which of the steps suggested do you think would best solve the problem of unwanted marketing messages and calls? Please let us know which step would be best for each type of communication.
- (a) for telemarketing:
- stop lists being passed on
 - for calls from own operator only – allow customers to 'opt in' or 'opt out', or impose time of day restrictions
- (b) for fax broadcasting: same options as for telemarketing
- (c) for bulk SMS:
- same options as for telemarketing
 - require telecoms operator to impose rules for all bulk SMS including time of day restrictions, 'opt out' choice, response cost clearly shown
- (d) for bulk email:
- same options as for telemarketing (for local sources)
 - ask ISPs to install filters
 - raise awareness of self-help methods
- B7 Which steps do you think should be mandatory and which voluntary?
- B8 Do you think consumers should be educated about avoiding unwanted marketing calls and messages? If so, who should do it – telecoms operators, the TRA or somebody else?
- B9 Is there some other solution we haven't mentioned that you think would be better or should be looked at?

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C. CUTTING OFF TELEPHONE SERVICES FOR NON-PAYMENT

When you subscribe to a telecoms service, you enter into a contract with the service provider. They provide a service and you pay an agreed charge for it. If you fail to pay, the provider is entitled to stop providing the service and disconnect your telecoms service after sending reminders. However, having no telecoms service can cause problems. Getting reconnected may be a problem too.

We want to make sure that the disconnection process is as fair as possible and that everything is clearly explained to consumers.

What happens now?

Every telecoms operator sends a series of reminders about the unpaid bill before disconnecting their customer. Operators will also look at other solutions, such as flexible payment plans, in cases of financial hardship.

As a license requirement, telecoms operators must have a code of practice in place that includes something about their disconnection procedures. Although the TRA must approve this, the code does not have to go into detail about how they help customers and whether they explain the procedures clearly.

What is the TRA concerned about?

These are some of the things which can happen at the moment:

- If a telecoms operator uses automatic billing and follow-up procedures, consumers may find themselves cut off without warning. This is because an error in the system has led to the unpaid bill and to reminders never actually being delivered.
- Consumers may be wrongly disconnected if they have a genuine outstanding query about the items on the bill or about whether they have received the correct number of reminders.
- Consumers risk being disconnected if a bill is unpaid for another service they take from the same operator. For example, a customer's mobile phone account may be suspended because a bill is overdue on their fixed line.
- Even if they have been wrongly disconnected, consumers may have to pay a fee for reconnection. And they may not be entitled to compensation from their telecoms operator for any embarrassment or problems caused by having no service.

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- A disconnected customer cannot use any telephone services, including those which are free, such as the emergency services.

What do other countries do?

In the EU, regulators have the power to approve the disconnection policies of telecoms operators. However, in the UK for example, the operators voluntarily introduced guidelines that met everyone's concerns and protected consumers.

In Singapore and Canada telecoms operators must have their terms and conditions for customers, including disconnection, approved by the regulator before they offer a service.

What steps could the TRA take?

We could:

- Require all telecoms operators to send their detailed disconnection policies and procedures to the TRA for approval.
- Publish guidelines setting standards for disconnection policies. Operators should then match these – or do better. The guidelines could cover things like the minimum period of notice, how bills will be delivered to customers, and so on.
- Ask operators to publish their disconnection policies in the sort of language all their customers can understand.
- Take no action if this is not a matter of concern.

Questions for you

- C1 Do you have any experience of being disconnected and, if so, what was the most worrying thing about it?
- C2 Do you know about, and understand, your telecoms operator's disconnection policy and procedures? Do you think your operator could do better in telling you about them?
- C3 Do you think the way consumers are informed that their service is at risk of being disconnected is good enough? Should operators let their customers know by registered post, or telephone reminders ?
- C4 Do you know of a case where a customer was cut off from one telecoms service because they hadn't paid the bill for another one from the same service provider? Do you think this should be allowed?
- C5 Do you think people who have been wrongly disconnected should receive compensation? If so, how should it be calculated?
- C6 Should disconnected lines still have access to emergency services (999)?

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- C7 Do you think we should look again at the disconnection policies of operators in Bahrain to see if they protect consumers' rights properly?
- C8 Which, if any, of the following possible steps we could take do you think we should take?
- Require all telecoms operators to send their detailed disconnection policies and procedures to the TRA for approval.
 - Publish guidelines setting standards for disconnection policies. Operators should then match these – or do better. The guidelines could cover things like the minimum period of notice, how bills will be delivered to customers, and so on.
 - Ask operators to publish their disconnection policies in a simple language so that all their customers can understand them.
- C9 If the TRA were to publish guidelines, should these be voluntary or mandatory?
- C10 If we were to publish guidelines, should these apply to both mobile and fixed operators – and what differences should there be between them?
- C11 Do you think there should be more information available about operators' disconnection policies and procedures? Should operators be required to publish them?
- C12 Do you think published policies and procedures should be available in large print, Braille, etc., so that more vulnerable people, such as partially-sighted and older people, can read them easily?
- C13 Is there some other solution we haven't mentioned that you think would protect consumers better or should be looked at?

Please help us to help you by ensuring your concerns are addressed – by sending us your comments.